QUESTIONS AND ANSWERS REGARDING

A PROPOSED SETTLEMENT BETWEEN THE CITY OF SEATTLE AND BPA RELATED TO

BPA'S KANGLEY-ECHO LAKE 500 kV TRANSMISSION LINE PROJECT

1. WHY DID BPA CHOOSE THE CEDAR RIVER MUNICIPAL WATERSHED (CRMW) AS THE PREFERRED ROUTE FOR THEIR PROJECT?

BPA proposes to build a single-circuit 500-kV transmission line from a tap point on an existing 500-kV line near Kangley, Washington, to its Echo Lake Substation near North Bend, Washington. The proposed route for this line, also called Alternative 1, is nine miles long (see Map 2). Five miles of the proposed route would go through the Cedar River Municipal Watershed. In addition, Echo Lake Substation would be expanded about three acres to the east and new equipment would be installed there to accommodate the new line.

This is the preferred alternative because it would be located immediately parallel to an existing 500-kV transmission line. Locating a new line next to an existing one minimizes right-of-way (**ROW**) clearing needed for the new line and reduces construction of additional access roads (only 2.9 miles of new access roads needed). About 0.6 miles of access road would be removed from service. This least cost alternative best meets electrical growth and transmission system reliability needs in the Puget Sound area.

2. WHAT HAS THE CITY OF SEATTLE'S POSITION BEEN ON THIS PROJECT?

The City has supported the need for a second powerline to provide for power transmission reliability.

The City does not want the powerline to run through the CRMW and has continued to push for routing alternatives that preserve the CRMW.

The City has always reserved the right to pursue litigation and/or negotiate a settlement as means of protecting the CRMW should BPA decide to run the transmission line through the CRMW in the project's Final EIS.

3. WHY DID THE CITY ENTER INTO SETTLEMENT NEGOTIATIONS WITH BPA?

While other routes have been evaluated by BPA, the proposed route through the Watershed remains their preferred alternative. The City's message to BPA has been consistent through the duration of its discussions with BPA: if BPA intends to build the line through the Watershed then it can only happen with the appropriate levels of protection and compensation. BPA understands that the City does not want a second line built through the Watershed. However, the federal government's powers of

condemnation place the City in a position where the line could be built through the Watershed whether the City wants it there or not.

Because of this potential outcome, staff at Seattle Public Utilities was directed to secure the necessary protections to the Watershed.

4. WHAT WERE THE CITY'S BASIC NEGOTIATING POSITIONS?

BPA must provide a "model" project that attempts to rigorously avoid and minimize impacts to CRMW resources and infrastructure. The City anticipated this would be achieved by using innovative approaches, technologies, and best management practices (BMPs)—by rethinking the "business as usual" approach in designing, constructing, and maintaining powerlines.

For unavoidable impacts caused by this "model" project, BPA must provide the City with compensatory mitigation for those impacts.

With respect to the costs and benefits associated with the Habitat Conservation Plan (HCP) and with respect to federal and state responsibilities associated with being an unfiltered municipal water supply, BPA must protect the City from harm that may arise from the construction, operation, and maintenance of their powerlines in the CRMW.

BPA must compensate the City for the use of the CRMW for construction of its new line.

5. WHAT ARE THE BASIC TERMS OF THE TENTATIVE SETTLEMENT THAT ENSURE BPA CONSTRUCTS A PROJECT THAT AVOIDS AND MINIMIZES ENVIRONMENTAL IMPACTS IN THE CRMW?

BPA will construct the project using a variety of Advanced Construction Practices, Best Management Practices (BMP), and other techniques that avoid and minimize impacts to the CRMW. Examples of such practices include:

- The proposed line is adjacent to the existing 500-kV line in the watershed.
- Use of micro-pile footings for the structures instead of conventional. The micro-pile footings have much less soil disturbance.
- Replacement of two existing structures, of the existing 500-kV line at the Cedar River crossing, with double circuit towers. The one span of double circuit across the river is allowable by industry standards, from a reliability perspective. The double circuit span will be entirely within the existing right-of-way (ROW). No clearing or disturbance would need to take place within the Cedar River canyon. The two new double circuit towers would be even further away from the River.
- Use of a helicopter to fly in the new towers to their already installed footings. By using the helicopter, no crane would be needed eliminating the need for wider

roads and clearing/leveling of crane pads at tower sites. A crane will be needed to help erect the double circuit towers for they are so massive that the helicopter cannot carry them, steel members are 1 ½ inches thick at the bottom of the tower. To get to the two double circuit towers, the crane can use existing roads for access.

- Use of minimal clearing techniques for areas outside the new ROW: only those trees that can fall into the line and that are leaning or deceased would be taken.
- Use a helicopter to fly out cut trees to a site outside the watershed. This would minimize soil disturbance.
- No fill in wetlands.
- Do ground-disturbing construction activities during the dry season.
- Work with the City of Seattle in all aspects of construction.
- Retain an independent third party environmental monitor with 'stop work' authority.

BPA will also manage the existing and new Right-of-Ways for wildlife habitat. Whenever feasible and in agreement with Seattle, BPA will:

- Allowing low to medium growing vegetation within the ROW.
- Minimizing clearing for construction and during maintenance period at river and creek crossings.
- Clear tall-growing species on a rotation basis such that more tall trees stay within the ROW for a longer period to provide a variety of vegetation heights.
- Suppress non-native plants.
- Seed/plant native type vegetation in disturbed areas for the new ROW.
- Continue to not use herbicides within the CRMW.

6. WHAT ARE THE BASIC TERMS OF THE TENTATIVE SETTLEMENT THAT ENSURE BPA PROTECTS THE CITY'S INTERESTS AND BENEFITS ASSOCIATED WITH THE HCP?

A seven-year, insurance set-aside to protect the City's Cedar River Habitat Conservation Plan (HCP).

The U.S. Fish and Wildlife Service and NOAA Fisheries are both expected to issue letters stating that the proposed project in no way jeopardizes the City's Cedar River HCP.

7. WHAT ARE THE BASIC TERMS OF THE TENTATIVE SETTLEMENT THAT ENSURE BPA PROTECTS THE CITY'S INTERESTS AND RESPONSIBILITIES ASSOCIATED WITH BEING AN UNFILTERED MUNICIPAL WATER SUPPLY?

BPA will purchase insurance and provide other legal assurances to cover risks to Seattle associated with environmental harm from the transmission project. Elements include:

- A three-year water quality insurance policy with a maximum coverage of \$105 million to address any potential requirements to provide filtration to the Cedar River water supply as a result of the construction of BPA's project.
 - providing additional contractor insurance.
 - providing legal assurances related to water quality and drinking water issues.

BPA will also take additional steps to protect and improve water quality in the CRMW by:

- Removing existing roads within wetlands to upland areas and make the wetland roads impassable.
- Minimize construction of new roads and design roads to minimize erosion.
- Install new monitoring equipment, to be turned over to Seattle after a period of time
- Monitor the Cedar River and Rock Creek for turbidity.

BPA will also have a hazardous material plan in place that will:

- Minimize refueling within the CRMW.
- Use mats under equipment while parked inside the watershed to catch any potential fuel leaks.
- In the very unlikely event of a fuel spill, have a plan in place to capture the fuel.
- Prohibit fuel storage in the CRMW.

8. WHAT ABOUT FUTURE EXPANSIONS IN THE WATERSHED?

BPA has agreed to no future expansions of its Right-of-Ways within the watershed and to not exercise its condemnation authority within the watershed in the future.

9. WHAT ARE THE BASIC TERMS OF THE TENTATIVE SETTLEMENT THAT REQUIRE BPA TO COMPENSATE THE CITY FOR THE USE OF THE CRMW FOR CONSTRUCTION OF THIS PROJECT?

BPA will pay for timber removal costs, but Seattle will receive the revenues from sales of the timber. Seattle will decide whether to retain or sell individual trees.

In addition, BPA will pay the City \$6,000,000 that will used by the City to fund watershed restoration and watershed security projects. This amount will be made in two payments: \$3,000,000 in October 2003 and \$3,000,000 at the end of construction or October 2004, whichever is later.

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10. WILL BPA PROVIDE ANY OTHER PROTECTION FOR SENSITIVE LANDS AFFECTED BY THE TRANSMISSION LINE?

Yes. To mitigate for impacts to sensitive lands, BPA will protect approximately 900 additional acres of forestland that is now available for development.

BPA will protect approximately 400 acres of forests on riparian lands along the Raging River, purchasing lands or easements that would preclude commercial logging, along segments of the river near the BPA line. These forests would develop late-successional character and provide enhanced habitat for spawning salmon. The goal would be to protect about 600 feet on either side of the river for about 2 miles. BPA will coordinate with King County, and other stakeholders regarding the details of this riparian protection plan. The actual amount of acreage protected would depend on the proceeds of the exchange or sale of the Taylor Mountain property noted below.

BPA will prevent development on an additional 240 acres in the Raging River watershed. The portion of the Taylor Mt. property currently owned by BPA will be exchanged or sold, but BPA will retain a conservation easement on this property providing that it cannot be developed for commercial or residential purposes, but only for timber management and wildlife purposes.

The portion of the Section 25 property south of the BPA right of way (approximately 277 acres) will be transferred or sold to Washington State Department of Natural Resources or another entity agreeable to manage it for forestry and wildlife purposes and to preclude commercial or residential development.

11. WHEN WAS A TENTATIVE SETTLEMENT BETWEEN THE CITY AND BPA REACHED?

The City and BPA reached agreement on the basic elements of a settlement agreement in late April 2003. Some details still need to be completed. In addition, the settlement must pass approval of the City Council and the Washington State Department of Health before it can be considered an official, final settlement.

12. WHAT ARE THE NEXT STEPS?

The tentative settlement agreement must first pass through formal approvals with the City's Mayor's Office, the City Council and the Washington State Department of Health. BPA is planning to release its Final EIS for this project on July 1, 2003 and the Record of Decision on August 1, 2003. BPA expects to start construction in August, 2003 and to energize the new transmission line in early 2004.